



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

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October 1, 2002

VIA EMAIL AND U.S. MAIL

Bruce P. Beausejour, Esq.
Victor D. Del Vecchio, Esq.
Verizon Massachusetts
185 Franklin Street, Room 1403
Boston, MA 02110

Re: D.T.E. 01-31-Phase II (Track B)
D.T.E.'s Fourth Set of Information Requests

Dear Messrs. Beausejour and Del Vecchio:

Enclosed please find the fourth set of questions to Verizon Massachusetts issued by the Department in the above-captioned matter. Please submit Verizon's responses to the Department and the parties in hard copy and by email on or before 5:00 p.m., Friday, October 11, 2002. Should you have any questions, please contact me at (617) 305-3608.

Sincerely,

Paula Foley
Hearing Officer

Encs.

cc: DTE 01-31-Phase II service list (w/encs.)

INSTRUCTIONS FOR RESPONSES TO INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) submits to Verizon Massachusetts the following Information Requests.

Instructions

The following instructions apply to the Information Requests issued to all parties in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the petitioner or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term “provide complete and detailed documentation” means:

Provide all data, assumptions, and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting workpapers.
5. The term “document” is used in the broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please serve a copy of the responses on Mary Cottrell, Secretary of the Department, and on all Department staff and parties; and submit two (2) copies of the responses to Paula Foley, Hearing Officer.

QUESTIONS TO VERIZON MASSACHUSETTS
D.T.E. 01-31-Phase II (Track B)
October 1, 2002

1. Please provide your best estimate of the short-run and long-run own-price elasticity of demand for each of the following Residence Basic Services listed in Verizon MA's Compliance Filing (Tab A, Attachment A). Also include the most recent estimates of the short-run and long-run incremental cost of providing each of these services. Please supply the data analyzed and the method employed to arrive at the estimate, and the sources from which the estimates themselves, or the underlying data, are derived.
 - a. Dial Tone Line Exchange
 - b. Unlimited Usage 1 Party
 - c. Unlimited Usage 2 Party
 - d. Measured Local Usage 128 LATA – Zone 1 and 2 per message
 - e. Measured Local Usage 128 LATA – Zone 1 and 2 per minute
 - f. Measured Local Usage 413 LATA – per message
 - g. Measured Local Usage 413 LATA – peak per minute
 - h. Measured Local Usage 413 LATA – off-peak per minute
 - i. Element 2
 - j. Metropolitan Service
 - k. Suburban Service
 - l. Circle Calling
 - m. Expanded Community Calling Service
 - n. Expanded Community Calling Plus Service
 - o. Other Service Charges Residence – Suspension and Restoral
2. Given a range encompassing a price floor of incremental cost, which recovers zero percent of joint and common costs, and a ceiling of stand-alone cost, which recovers one hundred percent of joint and common costs; and based on your estimation of the own-price elasticities of demand and incremental cost for each of Verizon MA's Residence basic Service offerings, please calculate the proportion of joint and common costs that should be recovered by each service in accordance with Ramsey pricing principles. Also, please specify the efficient prices that result from this application of Ramsey pricing principles.
3. Please see Verizon MA's response to DTE-VZ 2-1: Please explain how the elimination of the Collocation, PAL, and PASL re-pricing from the Dial Tone Line offset calculation would increase the offset from \$1.97 to \$1.98.
4. Please see Verizon MA's response to AG-VZ 3-1(B): Please explain Dr. Taylor's response, "Reported markups of price over cost are the reverse of what an economist would expect if prices were based on Ramsey principles."